

## Remarks by Ken Robertson – May 11, 2010

*“Even though you’ve not officially handed us the budget, we’ve’ been talking about the budget amongst ourselves and also with you. I would like to make some points now, and as we go through the budget process I’ll keep making them because I think the citizens should understand what’s going on and what it means for this budget cycle and for future ones.*

*Right now in America one of the buzz words is sustainability. You know if we’re going to have energy it needs to be sustainable energy. Food supplies need to be sustainable. The environment needs to be sustainable. Really, when you look at it, the financial system needs to be sustainable. It made no sense for our building industry to go on this surge of building McMansions, and we ended up having a housing bubble that burst. It wasn’t a sustainable model as those of us who heard about zero principal loans and artificially low interest rates with big balloon payments ten years out. Everybody knew that wasn’t sustainable. It couldn’t go on and it didn’t.*

*As I hear you talking, this is a budget that we’ll probably adopt as it is, or fairly close to it, and that doesn’t mean that it’s bad. Clearly, I don’t think that this budget is sustainable.*

*We have not been replacing vehicles. You know county employees don’t ride around in brand new vehicles every year. So when we talk about buying vehicles, it’s not like we’re buying vehicles so everybody has the latest and the greatest model. When vehicles become more expensive to maintain and operate than it is to buy new ones then it makes sense to buy new ones. But, we’re not replacing the vehicles as we should.*

*Historically, this board, and the boards long before I ever stepped foot here set aside money for capital improvements to build buildings so that the money the taxpayers put towards buildings paid for buildings and didn’t pay for as much interest. The only way to do that is to save up and either pay-as-you-go or pay a higher percentage of cash for your buildings as you go. We are not doing that anymore. To me, that’s not sustainable.*

*We don’t need a newer jail. We need a bigger jail. The public, if you look at the candidates who ran for DA and the candidates who ran for sheriff – not a single one of them ran under the platform of “We’re going to let people out on the street. People are going to commit crimes and they won’t pay the price.” So we elect DAs who say, “We’re going to prosecute people fairly and ask that they be put in jail if they are guilty.” We elect the sheriff and we have city police chiefs in Mooresville and Statesville and their jobs are to go catch the bad guys and put them in jail. Yet by every account our jail isn’t big enough. Well it makes no sense. We shouldn’t seek to have DAs who want to prosecute people and police who want to arrest folks if we’re not going to give them any place to put the bad guys.*

*We’re not putting money away for a jail. We’re going to spend money to plan for a jail, and that’s the right thing to do. But at some point, we’re going to have to build a jail and our current budget, and our current tax rate isn’t going to make that happen.*

*There’s no way for us to have a sustainable budget when the state of North Carolina continues to transfer financial obligations off of their books and onto our books. I don’t think that this board can pretend that with the current revenue stream that we have, which is our tax rate, that we can absorb them walking away ..... for instance, the state is no longer going to pay for textbooks and our two school systems this year, they estimate that cost will be about \$1.2 million. A lot of people say, ‘Well, why do you have to buy new textbooks every year?’ Well, I mean you’ve got kids and some textbooks wear out ... every time the curriculum changes, and believe me, the curriculum changes. If you mandate that another textbook be used, the school systems are required to buy the textbook. They can’t elect just to teach the things they want to teach if the state says, ‘You*

*will use this textbook for math, or this textbook follows what the end of grade test is going to be.’ That came out to \$1.2 million – that’s about three fourths of a cent on our tax rate.*

*You mentioned the \$427,000 that we’ve got to put into the employees’ retirement fund. That’s not going to change. These two items aren’t things that we say, ‘Gee whiz, this is just when times are bad.’ When the state passes the bill to the county, they will never take it back.*

*We’re not adding to the fund balance, we are taking away from the fund balance. That’s not sustainable. The plan was to do it for three years, and we’ll do it for three years. After that we’re done.*

*I just don’t see anything that says green shoots. I don’t see where there’s going to be a great windfall of better economic times that are going to get us there. We’ve frozen our county employees’ pay for two years. Last year we made them take unpaid furlough days. We have 29 unfilled positions.*

*I will tell you that the citizens of this county ..... heck two years ago I lost my job. You know I was laid off. A lot of companies ..... their employees have frozen budgets or reduced wages, and the county employees shared in that misery. I don’t think this is sustainable-- that long term we can balance the budget on the backs of just our employees. I’m not saying that we need to give them big raises, but at some point, we can’t expect them to get us out of the mess.*

*Another thing I would like to mention - most of the spending that we do in this county is not discretionary. The library is optional. We don’t have to have libraries. We don’t have to have a Rec. Department. We don’t have to have a truly good sheriff’s department.*

*But other than that, we’re required to have EMS.*

*We’re required to fund the courts.*

*We’re required to have a planning department and inspections.*

*We’re required to have DSS.*

*We’re required to have the health department.*

*We are not allowed to say, ‘We’re not going to do those things.’*

*So when people, who don’t know about our budget process, and they don’t understand the requirements of the county say, ‘Well, we’ll go in and cut the fat.’ They need to look and see that the tax rate in this county is about 50% lower than the surrounding counties. You don’t have a fat budget when you’re food intake is about 50% less than your neighbors. We don’t have a lot of discretionary stuff to cut out.*

*On the good news, and this is good news. I think this needs to be said. It is my understanding that the department heads on most of our budgets this year under spent their budgets. That doesn’t mean we gave them too much, and they didn’t need it. They took our guidance that we needed to tighten our belts and be very stingy with the spending. They did that. That implies good leadership. That implies good leadership at the top. Mr. Mashburn, my hat is off to you, but it’s also some good managers. Some are probably better than others, but good management throughout the county that our department heads understand the challenges that we face. So while I have confidence in the people, the fact remains that this financial situation that we’re in, unless the economy makes a major change, this budget is not sustainable.*

*I don’t think the people should expect that we’re going to keep the same level of services that we’ve had for many years into the future with a 44.5 cent tax rate unless some of those discretionary items that I’ve mentioned are cut severely, or in fact eliminated, which I feel most people can’t imagine that happening.*

*I always have to tell an Army story, and I'll wrap up. When General Patton was going across Europe defeating the Germans, he definitely outran his supply line and they had to stop the advance. He sent a very famous message to Eisenhower. He said, "My soldiers can eat the leather in their boots, but my tanks ..... they've got have gasoline." There's only so much that we can ask our employees to do and only so much sacrifice that we can ask them to make. At some point, it takes money to run the county, especially if we're mandated to provide some of these services.*

*I just think the taxpayers need to know that we are in a difficult situation, and what we're doing now ..... the way we're getting by worked last year, it will probably work this year, but looking forward, I think there's going to be some very difficult and painful decisions that we need to make. Thank you very much."*